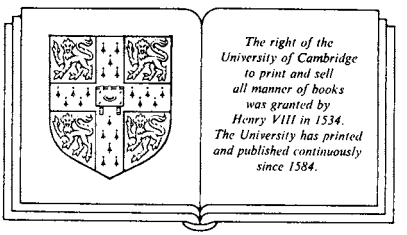
Revenue and reform: the Indian problem in British politics 1757–1773

H. V. Bowen
Rugby School



Cambridge University Press
Cambridge
New York *Port Chester*
Melbourne *Sydney*

Published by the Press Syndicate of the University of Cambridge
The Pitt Building, Trumpington Street, Cambridge CB2 1RP
40 West 20th Street, New York, NY 10011–4211, USA
10 Stamford Road, Oakleigh, Melbourne 3166, Australia

First published 1991

Printed in Great Britain at the University Press, Cambridge

British Library cataloguing in publication data

Bowen, H. V.
Revenue and reform: the Indian problem in British
politics 1757–1773.
1. India. Colonial administration by Great Britain.
I. Title
325.3410954

Library of Congress cataloguing in publication data

Bowen, H. V.
Revenue and reform: the Indian problem in British politics,
1757–1773/H. V. Bowen.
p. cm.
Includes bibliographical references and index.
ISBN 0-521-40316-2 (hardback)
1. India–History–18th century. 2. East India Company–
History–18th century. 3. Great Britain–Politics and
government–1760–1789. I. Title.
DS471.B68 1991 90-22178
954.02'9–dc20 CIP

ISBN 0 521 40316 2 hardback

cup

Contents

Tables

Introduction

Lord North's appointment as Prime Minister in January 1770 following the Duke of Grafton's resignation brought to an end a decade of political turmoil. Since George III's accession in 1760 there had been six administrations, and most of the leading political figures had played their part in a seemingly endless game of ministerial musical chairs. North, a most underrated Prime Minister, established a ministry which eventually lasted for twelve years, although at first it seemed unlikely that he would remain in office for twelve weeks. He needed all his good humour, political acumen, and debating skills (which were put to effective use in the lower House) to overcome the combined threat posed by the followers of former First Ministers Lord Chatham, George Grenville, and the Marquess of Rockingham. This talented opposition failed to press home its attack, and North found that the ministerial majority in the Commons grew steadily to almost a hundred. By February he was safe, much to the King's relief.[1]

Stability was much needed, and not only in the world of high politics. The ending of the Seven Years War in 1763 created a whole host of new economic, imperial, and political problems, many of which contributed, directly or indirectly, to the eventual outbreak of the War of American Independence in 1775. Economic recovery after the war was hampered by damaging credit crises in 1763 and 1772, and the national debt continued to spiral upwards, rising from £98 million in 1760 to £131 million in 1767.[2] Food shortages led to serious public disorder in 1766, while in the extra-parliamentary political sphere the rapid growth of metropolitan radicalism was based upon the extraordinary figure of John Wilkes. In a wider context there were difficulties related to British activity in Ireland, India and, above all, North America. Contemporary observers spilled a great deal of ink analyzing these problems and, while the historian must take care not to overstate the seriousness of the

[1] P.D.G. Thomas, *Lord North* (1976), pp. 33–51.

[2] *Parliamentary Papers*, LII (1898), 'History of the earlier years of the funded debt from 1694 to 1786', p. 301.

various crises, many believed that Britain was on the point of ruin and bankruptcy.

It was against this background that the affairs of the East India Company entered the political arena as an important and enduring issue. Problems related to the Company had held the attention of politicians before, but now, for a variety of reasons, Indian issues became a permanent feature in British politics. Between 1766 and 1773 the Company, its relationship with the state, its activities in India, and the behaviour of its servants, were subjected to the scrutiny of politicians and public alike. Full-scale parliamentary inquiries into British activities in India were carried out in 1767 and 1772–3, and they helped to pave the way for Lord North's fundamental reorganization of the way in which the East India Company conducted its political, administrative, and judicial functions on the subcontinent. The *Annual Register* was quite correct when it summed up this new preoccupation with British India by remarking in 1768 that 'The affairs of the East India Company were now become as much an object of annual consideration as the raising of the supplies.'[3]

While historians of Britain have recently been subjecting the eighteenth century to detailed examination and reinterpretation, historians of India have been undertaking an important revisionist task of their own. The past twenty years or so have seen a great deal of work devoted to a reassessment of modern Indian history and, as part of that process, there has been a significant reappraisal of the part played by British imperialism and expansion in the development of Indian society. In particular, it now seems quite clear that European forces or impulses were not, as was once thought by older generations of historians, the only, or even the most important, motors of change on the Indian subcontinent during the eighteenth and nineteenth centuries. Far more significance is now attached to factors such as climate, geography, trade, and local politics; factors which were ignored or given scant attention by those who sought to trace the seemingly inevitable and inexorable rise of British India.[4]

In spite of these great advances in our understanding of the relationship between British imperialism and indigenous change in South Asia, we still know very little about the way in which the tides of

[3] *Annual Register* (1768), p. 76*.

[4] C.A. Bayly, *Indian Society and the Making of the British Empire* (Cambridge, 1988) and P.J. Marshall, *Bengal: The British Bridgehead. Eastern India 1740–1828* (Cambridge, 1987). Both of these works are part of the *New Cambridge History of India* and present modern overviews of the subject, but of course countless other authors have contributed to the debate over the last two or three decades.

political and economic fortunes in India affected opinions, perceptions, and decision-making in Britain, particularly during the 1760s when the foundations of a large territorial empire were being laid in Bengal by the East India Company. In fact, the student has no choice but to rely on the study written by Dame Lucy Sutherland almost fifty years ago.[5] This is far from satisfactory for, although most of Sutherland's work has stood the test of time, her aim was not to consider Indian issues at length, but instead to analyze the position of the East India Company in its domestic political context. Sutherland herself noted that the problem (as defined by Sir Lewis Namier) to which she addressed herself was not that of 'the significance in the history of British imperialism of the territorial expansion [in India] in and after the Seven Years War'. On the contrary, she was concerned with an altogether different problem: an examination of 'the way in which a large financial, trading, and territorial corporation, itself undergoing great administrative and political strain, could be affected by, and itself affect, the intricate workings of politics at Westminster, and the unending struggle of the governments of the day to maintain the "connexion" on which their survival depended'.[6]

Sutherland observed that it is possible to discuss the East India Company 'with scarcely a reference to India'.[7] This is not my intention and hence I have attempted to avoid being drawn into an examination of the complexities of the Company's many internal political crises. Instead, I have focused upon the position in British politics of issues related to India and the Company's activities there. Of course one cannot entirely discount East India Company politics for, as I shall argue, what happened in the Company's General Court or Court of Directors was always of the greatest significance for national politics and the development of government policy towards India. But, even so, internal Company politics with all its related factional in-fighting and conflict is not granted the same indulgence as the central issues of this study: how did the British – Company servants, politicians, the press, and public – come to terms with the rapid and unexpected acquisition of a vast territorial empire in north-east India? What was the real and perceived value of the new acquisitions, and what were the benefits, if any, derived from them? How were British activities and relations with the indigenous population to be shaped and regulated in the future? Above all, was the Company able to fulfil its new role as a territorial proprietor in Bengal, and was it able to meet its new financial obligations to the British government?

[5] L.S. Sutherland, *The East India Company in Eighteenth-Century Politics* (Oxford, 1952). Much of the book was completed before the outbreak of war in 1939.

[6] *Ibid.*, p. v.

[7] *Ibid.*, p. 44.

Given this framework and these lines of enquiry, it is necessary to explore both ends of the imperial connexion. Hence, in the chapters that follow almost as much space has been devoted to the British in India as to Indian issues in British politics: one cannot be understood without the other.